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18 August 1965

MEMORANDUM FOR: Mr. John S. Warner

SUBJECT: H.R. 8390 - Cost-of-Living Allowances in
Nonforeign areas

1. The proposed bill provides for a graduated reduction of cost-of-living allowances in nonforeign areas and eventual termination of those allowances over the next five years.

2. Attachments contain a memorandum for the record on the bill, a request to the Director of Personnel to submit his comments on it, and the Director of Personnel's reply.

3. The Director of Personnel recommends no action with respect to this bill by the Agency.

4. Recommendation. Since our views have not been solicited by the Congress or the Bureau of the Budget on this matter and since the Agency employees involved are small in number, it is recommended that the Director of Personnel's position as stated in paragraph 6 of the attached memorandum signed by [redacted] Chief, Contract Personnel Division, be accepted.

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5. Other Comments. [redacted] memorandum points out that [redacted] half of their employees [redacted] is strongly opposed to any cut in the allowance, and, in fact, has presented a case for an increase. Likewise, personnel in [redacted] have vigorously opposed reductions

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in their allowances. Second, in connection with the [] position, it will be noted that [] suggests that they might be granted subsidized housing similar to the program operating in []. This may be both a legal and policy matter and would apparently be presented for consideration in a separate paper. Although not our immediate concern, it is assumed that proper Agency components are in communication with both [] regarding the proposed legislation. If they are not, I think they should be. Third, in our memorandum for the record, it was pointed out that if private enterprise is paying substantially higher salaries than those paid to Government employees, there was a remedy for increase in salary which may minimize the proposed loss in allowance. [] states that he is informed that private industry wage scales are below their counterpart GS rates in both []. He has, however, deferred to Salary and Wage Division on this point. We have no record of findings by the Salary and Wage Division on this.

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Office of Legislative Counsel

Attachments

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<p align="center">CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP</p>					
TO	NAME AND ADDRESS		DATE	INITIALS	
1	Mr. Warner		8/18		
2					
3					
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5					
6					
ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	
<p>Remarks:</p> <p>This deals with an Agency position on pending legislation. Technically this amends a statute which applies to statutory salaried employees only. Thus, we follow the statute by adoption and are not bound by it. </p> <p> is interested in what, if anything, we intend to do on this.</p> <p><i>1-2 Let's discuss at an early date.</i> </p>					
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